

Athens Community Library
Athens, Michigan

Annual Financial Statements
and
Auditors' Report

March 31, 2008

Table of Contents

	<u>Page</u>
Members of the Library Board and Administration	1 – 1
Independent Auditors' Report	2 – 1
Management's Discussion and Analysis	3 – 1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Assets – Modified Cash Basis	4 – 1
Statement of Activities – Modified Cash Basis	4 – 2
Governmental Fund Financial Statements	
Balance Sheet – Modified Cash Basis	4 – 3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4 – 4
Statement of Revenues, Expenditures and Changes in Fund Balances – Modified Cash Basis	4 – 5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 6
Notes to Financial Statements	4 – 7
Required Supplemental Information	
Budgetary Comparison Schedule – General Fund	5 – 1

Athens Community Library
Athens, Michigan
Members of the Library Board and Administration
March 31, 2008

MEMBERS OF THE LIBRARY BOARD

Clela Bauer – President

Virginia Doubleday – Vice President

Linda Minier – Treasurer

Margaret Smith – Secretary

Elsie Simmons – Trustee

Judi Henckel – Trustee

ADMINISTRATION

Diane Garlets – Librarian

Independent Auditors' Report

Members of the Library Board
Athens Community Library
Athens, Michigan

We have audited the accompanying financial statements of the governmental activities of Athens Community Library as of March 31, 2008, which collectively comprise the library's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Athens Community Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 1, Athens Community Library prepares its financial statements on the cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of Athens Community Library as of March 31, 2008 and the revenues it received and the expenditures it paid for the year then ended on the basis of accounting described in Note 1.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The budgetary comparison schedule is presented for the purpose of additional analysis and is not a required part of the basic financial statements of Athens Community Library. This information has been subjected to the procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The management's discussion and analysis is not a required part of the basic financial statements but are supplementary information required by accounting principals generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Yeo & Yeo, P.C.
Kalamazoo, Michigan

September 16, 2008

Athens Community Library
Management's Discussion and Analysis
March 31, 2008

This section of the Athens Community Library annual financial report presents our discussion and analysis of the Library's financial performance during the year ended March 31, 2008. Please read it in conjunction with the Library's financial statements, which immediately follow this section.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the whole Library, presenting both an aggregate view of the Library's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The fund financial statements look at the Library's operations in more detail than the government-wide financial statements by providing information about the Library's most significant funds. The annual report is arranged as follows:

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

(Required Supplemental Information)
Budgetary Information for General Fund

Athens Community Library
Management's Discussion and Analysis
March 31, 2008

Reporting the Library as a Whole – Government-wide Financial Statements

The statement of net assets and the statement of activities, which appear first in the Library's financial statements report information about the Library as a whole using the cash basis of accounting. The statement of net assets was prepared using the modified cash basis of accounting and includes all of the Library's assets and liabilities arising from cash transactions. All of the current year's revenues and expenses are accounted for in the statement of activities when cash is received or paid, with the exception of tax revenue, in which a receivable is created.

These two statements report the Library's net assets and how they have changed. Net assets – the difference between assets and liabilities, as reported in the statement of net assets – is one way to measure the Library's financial health, or position. Over time, increases or decreases in the Library's net assets – as reported in the statement of activities – are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Library's operating results. However, the Library's goal is to provide services to our patrons, not to generate profits as commercial entities do. One must consider many other non-financial factors, such as the quality of the services provided to assess the overall health of the Library.

The statement of net assets and statement of activities report the governmental activities for the Library, which encompass all of the Library's services. Penal fines and property taxes make up 87% of the finance of these activities.

Reporting the Library's Funds – Fund Financial Statements

The Library's fund financial statements provide detailed information about the Library's funds – not the Library as a whole. Some funds are required to be established by State law. The Library establishes funds to help it control and manage money for particular purposes and to show that it's meeting its legal responsibilities for using certain fines, grants, and other money. The governmental funds of the Library use the following accounting approach:

Governmental funds – All of the Library's services are reported in Governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds and balances left at year end that are available for spending. They are reported using an accounting method for reporting cash. The governmental fund statements provide a detailed short-term view of the operations of the Library and the services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Library's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in the reconciliation.

Athens Community Library
Management's Discussion and Analysis
March 31, 2008

The Library as a Whole

Recall that the statement of net assets provides the perspective of the Library as a whole. Table 1 provides a summary of the Library's net assets as of March 31, 2008 and 2007.

TABLE 1

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Assets		
Current assets	\$ 99,379	\$ 84,899
Capital assets	<u>18,743</u>	<u>12,120</u>
Total Assets	<u>118,122</u>	<u>97,019</u>
Net Assets		
Invested in capital assets	18,743	12,120
Unrestricted	<u>99,379</u>	<u>84,899</u>
Total Net Assets	\$ <u>118,122</u>	\$ <u>97,019</u>

The above analysis focuses on the net assets. The results of this year's operations for the Library as a whole are reported in the statement of activities (see Table 2), which shows the sources of revenue for the year ended March 31, 2008 and 2007.

Athens Community Library
Management's Discussion and Analysis
March 31, 2008

TABLE 2

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Revenues		
Property taxes	\$ 27,225	\$ 25,660
Penal fines	13,534	14,774
State aid	1,213	1,439
Other revenue	<u>4,649</u>	<u>3,625</u>
Total Revenues	<u>46,621</u>	<u>45,498</u>
Functions/program expenses		
Library services	<u>25,518</u>	<u>20,382</u>
Excess of revenues over expenditures	\$ <u>21,103</u>	\$ <u>25,116</u>

Penal fines constitute the vast majority of Library's operating revenue sources. The Library Board and librarian must annually evaluate the needs of the Library and balance those needs with other available unrestricted resources.

The Library as a Whole

The Library's net assets increased \$25,518 for the year ended March 31, 2008.

The Library's primary sources of revenue are from property tax and penal fines, which represents 58% and 29% of total revenue, respectively. Total revenues decreased 2.4% which relates to the receipt of property taxes for the current year.

Salaries and fringes continue to be a significant expense, representing 55% of the Library's total expenses.

The Library's Fund

An analysis of the Library's major funds is included on page 4-3 and 4-5. This page provides detailed information about the most significant funds – not the Library as a whole. The Library Board has the ability to create separate funds to help manage money for specific purposes and to maintain accountability for certain activities. At this time the Library maintains only one fund.

The fund balance of the General Fund increased during the year ended March 31, 2008 by \$14,480.

Athens Community Library
Management's Discussion and Analysis
March 31, 2008

Library Budgetary Highlights

Over the course of the year, the Library Board amended the budget to take into account events that occurred during the year. The most significant amendments occurred in property taxes.

The increase in the budgeted amounts for property taxes relates the library receiving 3/4th of a mil were not originally budgeted for but were found to be necessary. The library received 0.53 mil from property taxes.

Capital Assets Administration

Capital Assets

At March 31, 2008, the Library had \$18,743 invested in capital assets, including building improvements and books in accordance with its capitalization policy. Amounts under \$900 are not included herein.

	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Buildings improvements	\$ 5,975	\$ 1,986
Library books	47,664	43,858
Machinery and equipment	<u>7,505</u>	<u>4,215</u>
Total capital assets	61,144	50,059
Less accumulated depreciation	<u>(42,401)</u>	<u>(37,939)</u>
Total	<u>\$ 18,743</u>	<u>\$ 12,120</u>

Contacting the Library's Financial Management

This financial report is designed to provide the Library's citizens, customers, investors, and creditors with a general overview of the Library's finances and to demonstrate the Library's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Library at 106 East Burr Oak, Athens, Michigan 49011.

Athens Community Library
Statement of Net Assets - Modified Cash Basis
March 31, 2008

	Governmental Activities
Assets	
Current assets	
Cash	23,236
Investments	72,262
Taxes receivable	<u>3,881</u>
Total current assets	<u>\$ 99,379</u>
 Noncurrent assets	
Capital assets	
Building improvements	5,975
Library books	47,664
Machinery and equipment	7,505
Less: Accumulated depreciation	<u>(42,401)</u>
Total noncurrent assets	<u>18,743</u>
 Depreciation	 <u>\$ 118,122</u>
 Net Assets	
Invested in capital assets	18,743
Unrestricted	<u>99,379</u>
 Total net assets	 <u>\$ 118,122</u>

See Accompanying Notes to Financial Statements

Athens Community Library
Statement of Activities - Modified Cash Basis
For the Year Ended March 31, 2008

Revenue

Property taxes	\$ 27,225
Penal fines	13,534
State aid	1,213
Grants	1,227
Interest on investments	2,878
Other miscellaneous	544
Total revenue	<u>46,621</u>

Expenses

Conferences, workshops, and travel	73
Library books and materials	397
Miscellaneous	240
Professional fees	2,450
Repair and maintenance	2,631
Salaries and fringe benefits	13,969
Supplies	1,296
Depreciation	4,462
Total expenditures	<u>25,518</u>

Change in net assets	21,103
-----------------------------	--------

Net assets - beginning of year	<u>97,019</u>
---------------------------------------	---------------

Net assets - end of year	<u><u>\$ 118,122</u></u>
---------------------------------	--------------------------

Athens Community Library
Balance Sheet - Modified Cash Basis
Governmental Funds
March 31, 2008

	General Fund
Assets	
Cash	\$ 23,236
Investments	72,262
Taxes recievable	<u>3,881</u>
 Total assets	 <u>\$ 99,379</u>
 Fund Balance	
Undesignated	 <u>\$ 99,379</u>

See Accompanying Notes to Financial Statements

Athens Community Library
Reconciliation of the Balance Sheet -
Governmental Funds to the Statement of Net Assets
March 31, 2008

Total fund balances for governmental funds	\$ 99,379
---	-----------

Total net assets reported for governmental activities in the statement of net assets is different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. Those assets consist of:

Building Improvements	\$	5,975	
Library books		47,664	
Machinery and equipment		7,505	
Less: accumulated depreciation		<u>(42,401)</u>	<u>18,743</u>

Net assets of governmental activities	\$ <u>118,122</u>
--	--------------------------

Depreciation

Athens Community Library
Statement of Revenues, Expenditures, and Changes in Fund Balance - Modified Cash Basis
Governmental Funds
For the Year Ended March 31, 2008

	General Fund
Revenues	
Property taxes	\$ 27,225
Penal fines	13,534
State aid	1,213
Grants	1,227
Interest on investments	2,878
Other miscellaneous	544
Total revenues	<u>46,621</u>
Expenditures	
Conferences, workshops, and travel	73
Library books and materials	4,203
Miscellaneous	240
Professional fees	2,450
Depreciation	9,910
Salaries and fringe benefits	13,969
Supplies	1,296
Total expenditures	<u>32,141</u>
Excess of revenues over expenditures	14,480
Fund balance - beginning	<u>84,899</u>
Fund balance - ending	<u>\$ 99,379</u>

See Accompanying Notes to Financial Statements

Athens Community Library
Reconciliation of the Statement of Revenues, Expenditures, and Changes in
Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended March 31, 2008

Net change in fund balances - total governmental funds	\$ 14,480
---	-----------

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	\$ 11,085	
Depreciation expense	<u>(4,462)</u>	<u>6,623</u>

Change in net assets of governmental activities	<u>\$ 21,103</u>
--	-------------------------

Depreciation

Athens Community Library
Notes to Financial Statements
March 31, 2008

**NOTE 1 - NATURE OF ORGANIZATION AND SUMMARY OF
SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Athens Community Library (the "Library") conform to the modified cash basis of accounting as applicable to governmental units. The following is a summary of the Library's significant accounting policies:

Reporting Entity

The Library is located in Athens, Michigan and is governed by an appointed six-member board. The Library is primarily funded through fines. Revenue is used to operate and staff the Library. The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. Based on the significance of any operational or financial relationships with the Library, there are no component units to be included in these financial statements.

**Measurement Focus, Basis of Accounting and Financial
Statement Presentation**

The Library's basic financial statements include both government-wide (reporting the Library as a whole) and fund financial statements (reporting the Library's major funds).

Government-wide Financial Statements

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) are reported using the modified cash basis of accounting. Revenue is recorded when received and expenses are recorded when paid, with the exception of tax revenue, in which a receivable is created. In addition, capital assets arising from cash transactions, depreciation and long-term debt arising from cash transactions are recorded.

The statement of net assets includes and recognizes the result of cash transactions. The Library's net assets are reported in three parts (1) invested in capital assets, net of related debt (2) restricted net assets, and (3) unrestricted net assets.

The statement of activities demonstrates the degree to which the direct expense of a given function or segment is offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes penal fines and state aid to meet the operational or capital requirements of a particular function or segment.

Fund Financial Statements

Governmental fund financial statements are reported using the modified cash basis of accounting. Revenue is recognized when received and expenditures are recorded when paid.

The Library reports the following major governmental funds:

The *General Fund* is the Library's primary operating fund. It accounts for all financial resources of the Library, except those required to be accounted for in another fund.

Financial Statement Amounts

Bank Deposits and Investments – The Library has defined cash and cash equivalents to include cash on hand, demand deposits and short-term investments with maturity of three months or less when acquired. Investments are stated at fair value.

Athens Community Library
Notes to Financial Statements
March 31, 2008

Capital Assets – Capital assets are defined by the Library as assets with an initial cost of more than \$900 and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated assets are reported at an estimated fair market value at the date of donation. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Improvements	10 – 20 years
Books	5 years
Machinery and equipment	5 years

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represents tentative management plans that are subjective to change.

Comparative Data

Comparative data is not included in the Library's financial statements.

NOTE 2 - STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY

Budgetary Information

Annual budgets are adopted on a basis consistent with modified cash basis of accounting and State law for the General Fund. All annual appropriations lapse at fiscal year end.

The appropriation level adopted by the Board is the level of control authorized under the Act. State law requires the Library to have its budget in place by February. A library is not considered in violation of

the Act if reasonable procedures are in use by the library to detect violations.

Budgeted amounts are as originally adopted, or as amended by the Library Board throughout the year. Individual amendments were not material in relation to the original appropriations which were amended.

Appropriations lapse at yearend and therefore, cancel all encumbrances. These appropriations are reestablished at the beginning of the following year.

NOTE 3 - DEPOSITS AND INVESTMENTS

At year end the government's deposits and investments were reported in the basic financial statements in the following categories:

Cash	\$ 23,236
Investments	<u>72,262</u>
Total	<u>\$ 95,498</u>

Interest rate risk – The government does not have a formal investment policy to manage its exposure to fair value losses from changes in interest rates

Athens Community Library
Notes to Financial Statements
March 31, 2008

Credit risk – State statutes and the government's investment policy authorize the government to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Concentration of credit risk – The government has no policy that would limit the amount that may be issued in any one issuer.

Custodial credit risk - deposits – In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The government does not have a policy for custodial credit risk. As of year end, none of the deposits were exposed to custodial credit risk because it was uninsured and uncollateralized.

NOTE 4 - GENERAL FIXED ASSETS

A summary of the changes in general fixed assets is as follows:

	Balance April 1, 2007	Additions	Deletions	Balance March 31, 2008
Other capital assets				
Buildings improvements	\$ 1,986	\$ 3,989	\$ -	\$ 5,975
Library books	43,858	3,806	-	47,664
Machinery and equipment	<u>4,215</u>	<u>3,290</u>	<u>-</u>	<u>7,505</u>
Subtotal	50,059	11,085	-	61,144
Accumulated depreciation	<u>(37,939)</u>	<u>(4,462)</u>	<u>-</u>	<u>(42,401)</u>
Net book value	<u>\$ 12,120</u>	<u>\$ 6,623</u>	<u>\$ -</u>	<u>\$ 18,743</u>

Depreciation for the year ended March 31, 2008 amounted to \$4,462.

Athens Community Library
Required Supplemental Information
Budgetary Comparison Schedule - Modified Cash Basis
General Fund
For the Year Ended March 31, 2008

	Budgeted Amounts		Actual	Actual Over (Under) Final Budget
	Original	Final		
Revenues				
Property taxes	\$ 16,000	\$ 16,000	\$ 27,225	\$ 11,225
Penal fines	14,000	14,000	13,534	(466)
State aid	900	900	1,213	313
Grants	-	-	1,227	1,227
Interest on investments	1,600	1,600	2,878	1,278
Other miscellaneous	-	-	544	544
Total revenues	<u>32,500</u>	<u>32,500</u>	<u>46,621</u>	<u>14,121</u>
Expenditures				
Conferences, workshops, and travel	600	1,000	73	(927)
Library books and materials	3,500	3,700	4,203	503
Miscellaneous	1,000	500	240	(260)
Depreciation	3,100	3,000	2,450	(550)
Repair and maintenance	7,880	10,000	9,910	(90)
Salaries and fringe benefits	9,930	14,822	13,969	(853)
Supplies	1,500	2,000	1,296	(704)
Total expenditures	<u>27,510</u>	<u>35,022</u>	<u>32,141</u>	<u>(2,881)</u>
Excess (deficiency) of revenues over expenditures	4,990	(2,522)	14,480	17,002
Fund balance - beginning	<u>84,899</u>	<u>84,899</u>	<u>84,899</u>	<u>-</u>
Fund balance - ending	<u>\$ 89,889</u>	<u>\$ 82,377</u>	<u>\$ 99,379</u>	<u>\$ 17,002</u>



710 E. Milham
Kalamazoo, MI 49002
Phone (269) 329-7007 / (800) 375-3968
Fax (269) 329-0626

September 16, 2008

Management and the Board of Directors
Athens Community Library
106 East Burr Oak
Athens, MI 49011

We have completed our audit of the financial statements of Athens Community Library as of and for the year ended March 31, 2008 and have issued our report dated September 16, 2008. We are required to communicate certain matters to you in accordance with auditing standards generally accepted in the United States of America that are related to internal control and the audit. The appendices to this letter set forth those communications as follows:

I Auditor's Communication of Significant Matters with Those Charged with Governance

We discussed these matters with various personnel in the organization during the audit. We would also be pleased to meet with you to discuss these matters at your convenience.

These communications are intended solely for the information and use of management, the Board of Directors, others within the organization, and are not intended to be and should not be used by anyone other than those specified parties.

Yeo & Yeo, P.C.

Kalamazoo, Michigan

Appendix I - Communication To Those Charged With Governance

Responsibilities under generally accepted auditing standards

As stated in our engagement letter dated, we are responsible for conducting our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS) established by the Auditing Standards Board of the American Institute of Certified Public Accountants. Our responsibility, as prescribed by US GAAS, is to express an opinion about whether the financial statements prepared by management, with your oversight, are fairly presented, in all material respects. Our audit does not relieve you of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit as outlined in our discussion with you related to planning matters on June 25, 2008.

Significant Audit Findings

- Management is responsible for the selection and use of appropriate accounting policies. We will advise management about their appropriateness and application. The significant accounting policies are described in (Note 1) of the financial statements. We noted no transactions entered into by the organization during the year where there is lack of authoritative guidance or consensus. There are no significant transactions that were recognized in a period other than which they occurred.
- Accounting estimates are based on management's knowledge and experience about past and current events and assumptions. Some estimates are sensitive because of their significance to the financial statements and the fact that future events affecting them may differ from those expected. The most sensitive accounting estimates and how they were derived by management are: inventory valuation.
- Disclosures in the financial statements are neutral, consistent and clear. Certain disclosures are more sensitive than others due to their relevance to the users of the financial statements.

Difficulties Encountered During the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require that the auditor accumulate all known and likely misstatements identified during the audit, other than those the auditor believes to be trivial. The adjustments identified during the audit have been communicated to management and management has posted all adjustments.

Disagreements with Management

A disagreement with management is defined as a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, which could be significant, individually or in the aggregate to the financial statements or the auditor's report. We had no disagreements with management during the audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated as of the date of the audit report.

Management's Consultations with Other Accountants

From time to time, management may decide to consult with other accountants about audit and accounting matters. Should this occur, professional standards require the consulting accountant to communicate with us to determine that they have all the relevant facts. To our knowledge, there were no consultations with other accountants during the year.

Significant Issues Discussed or Subject to Correspondence with Management

From time to time auditors discuss significant issues with management such as business conditions affecting the entity, business plans and strategies that may affect the risk of material misstatement and the application of accounting principles and auditing standards. The issues discussed during the audit occurred during the normal course of our professional relationship and our responses were not a condition to our retention.